

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2300 - SB 3669

February 28, 2012

**SUMMARY OF BILL:** Requires all health insurance mandates pertaining to preexisting conditions within small employer insurance policies, group and individual health insurance, the AccessTN program, the CoverTN program, and long-term care coverage to comply with the preexisting conditions provisions of the federal Patient Protection and Affordable Care Act (PPACA) on or after January 1, 2014.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – Not Significant**

**Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111):** Such legislation will not result in a significant increase in the cost of health insurance premiums because it is only requiring plans to comply with federal regulations as of January 1, 2014.


**Assumptions:**

- The preexisting condition exclusion is defined in PPACA as a limitation or exclusion of benefits relating to a condition based on the fact that the condition was present before the date of enrollment for such coverage whether or not any medical advice, diagnosis, care, or treatment was recommended or received before such date.
- The federal PPACA requires the elimination of all preexisting condition exclusions on January 1, 2014.
- The Department of Commerce and Insurance will be responsible for enforcement of the provisions of the bill through the review of health insurance policy forms and through the investigation of complaints received from policyholders. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.
- The State, Local Education, and Local Government Plans for public sector employees, as well as other local government and education agencies that do not opt into the state sponsored health plans, will have to comply with the provisions of PPACA by January 1, 2014. This will not change the current eligibility requirements of the plans; therefore, no fiscal impact.

- Enrollees of the AccessTN program will be able to purchase insurance from the Health Insurance Exchange created by PPACA on January 1, 2014. This will not change the current eligibility requirements of the AccessTN program; therefore, no fiscal impact.
- CoverTN is a limited benefit plan. Those types of plans will not be allowed under PPACA as of January 1, 2014; therefore, this will not affect the CoverTN program.
- The provisions of the bill will not affect the eligibility requirements for the TennCare program.
- Private sector health premium impact: The provisions of the bill require health insurance plans to comply with federal PPACA preexisting condition exclusion mandates as of January 1, 2014. Any health insurance plans that are in existence on January 1, 2014, will have to comply with federal regulations under PPACA. There will be no change in the health insurance premium rates as a result of the proposed legislation.

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

/kml